

BYLAWS
OF
CROSSINGS HOMEOWNER'S ASSOCIATION, INC.
(A Texas Non-Profit Corporation)
Taylor County, Texas

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CROSSINGS HOMEOWNER'S ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

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BYLAWS
OF
CROSSINGS HOMEOWNER'S ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE I

NAME

1.1 **NAME**. The name of the organization shall be CROSSINGS HOMEOWNER'S ASSOCIATION, INC., hereinafter called "Association".

ARTICLE II

PURPOSE AND OWNER OBLIGATION

2.1 **PURPOSE**. The purpose for which this non-profit Association is formed is to govern the Townhome Property (hereinafter referred to as "Project") situated in the County of Taylor, State of Texas, which Property is described on the attached Exhibit "A", which by this reference is made a part hereof, and which Property has been submitted to a Townhome Regime.

2.2 **OWNER OBLIGATION**. All present or future owners, tenants, future tenants or any other person who might use the facilities of the Project in any manner, are subject to the regulations set forth in the Bylaws. The mere acquisition or rental of any of the Townhome Lots (hereinafter referred to as "Lots") of the Project or the mere act of occupancy of any of said Lots will signify that these Bylaws are accepted, ratified and will be strictly followed.

ARTICLE III

DEFINITION AND TERMS

3.1 MEMBERSHIP. Any person, upon becoming an Owner of a Townhome Lot, shall automatically become a Member of this Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action when such person ceases to own a Townhome Lot. Such termination shall not relieve or release any such former Owner from any ability or obligation incurred under or in any way connected with Crossings Townhomes during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one (1) Membership Card per unit to the Owner(s) of a Townhome Lot.

3.2 VOTING. Lot ownership shall entitle the Owner(s) to cast one (1) vote per Lot in the affairs of the Association, which vote will be weighted to equal the proportionate share of ownership of the Lot Owner in the Common Elements. Voting shall not be split among more than one (1) Lot Owner. The present number of votes that can be cast by the Lot Owners is sixty (60). The combined weighted votes calculated in accordance with Exhibit "B" shall equal one hundred percent (100%).

3.3 MAJORITY OF LOT OWNERS. As used in these Bylaws, the term "majority of Lot Owners" shall mean those Owners with fifty-one percent (51%) of the votes entitled to be cast.

3.4 QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a "majority of Lot Owners" as defined in Paragraph 3.3 of this Article shall constitute a quorum.

3.5 PROXIES. Votes may be cast in person or by Proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE IV

ADMINISTRATION

4.1 DECLARANT CONTROL. Notwithstanding any provision herein to the contrary, and in accordance with Paragraph 3.2 of the Declaration for Crossings Townhomes, the Declarant, Kukai Joint Venture shall retain control over management of the affairs of the Association until the earlier to occur of (i) 120 days after the sale of seventy-five percent (75%) of the Lots, including any annexations, or (ii) three (3) years from the date of the first sale of a Townhome by the Declarant. It is expressly understood that Declarant will not use said control for any advantage over the Lot Owners by way of retention of any residual rights or interests in the Association or through the creation of any management agreement with a term longer than three (3) years without majority Association approval upon relinquishment of Declarant control.

4.2 ASSOCIATION RESPONSIBILITIES. The Owners of the Lots will constitute the Association of Lot Owners, hereinafter referred to as "Association", who will have the responsibility of administering the Project through a Board of Directors.

4.3 PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meetings.

4.4 ANNUAL MEETINGS. Annual meetings shall be held the second (2nd) Tuesday of November each year.

4.5 SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors, or upon a petition signed by at least one tenth (1/10) of the Owners and presented to the Secretary. The notices of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the Owners present, either in person or by proxy.

4.6 NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to his last known post office address as shown on the records of the Association, by U.S. First Class Mail, postage prepaid. Such notice shall be mailed not less than ten (10) days, nor more than twenty (20) days, before the date of such meeting and

shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at the Member's residence in his absence. If requested, any Mortgagee of Record or its designee may be entitled to receive similar notice.

4.7 ADJOURNED MEETING. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is attained.

4.8 ORDER OF BUSINESS. The order of business at all meetings of the Owners of Lots shall be as follows:

- (a) Roll call.
- (b) Proof of Notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of Directors.
- (g) Unfinished business.
- (h) New business.

ARTICLE V

BOARD OF DIRECTORS

5.1 NUMBER AND QUALIFICATION. The affairs of this Association shall be governed by a Board of Directors composed of three (3) persons. The following persons shall act in such capacity and shall manage the affairs of the Association until their successors are elected, to-wit:

- (1) W.J.M. (ANDY) JONES
- (2) RONALD HARRELL
- (3) RONNA HARRELL

5.2 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential Townhome Project. The Board of Directors may do all such acts and things that are not by these Bylaws or by the Declaration for Crossings Townhomes directed to be exercised and done by the Owners.

5.3 OTHER POWERS AND DUTIES. The Board of Directors shall have the following duties.

A. To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration.

B. To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of this Project.

C. To keep in good order, condition and repair all of the General and Limited Common Elements and all items of personal property used in the enjoyment of the entire Premises.

D. To insure and keep insured all of the insurable Common Areas of the Property in an amount equal to their maximum replacement value, as provided in the Declaration. Further, to obtain and maintain comprehensive liability insurance covering the entire Premises in amounts not less than One Million Dollars (\$1,000,000.00) covering all claims for personal injury and/or property damage arising out of a single occurrence. To insure and keep all the fixtures, equipment and personal property acquired by

the Association for the benefit of the Association, the Owners of the Lots and their First Mortgagees.

E. To fix, determine, levy and collect the monthly assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expense. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

F. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these Bylaws.

G. To protect and defend the entire Premises from loss and damage by suit or otherwise.

H. To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all of the Owners in the same proportion as their interest in the Common Elements.

I. To enter into contracts within the scope of their duties and power.

J. To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

K. To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners and any First Mortgagee of a Lot, the Veterans Administration or Federal Housing Administration, and to cause a complete audit of the books and accounts by a competent accountant, once each year. The Association shall cause to be prepared and delivered annually to each Owner an audited statement showing all receipts, expenses or disbursements since the last such statement. Such audited financial statements shall be available to any First Mortgagee of a Lot, on request, within thirty (30) days following the fiscal year end of the Project.

L. To meet at least once each quarter.

M. To designate the personnel necessary for the maintenance and operation of the Common Elements.

N. In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the purpose of the Association.

5.4 ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association the term of office of one-third (1/3) of the Directors shall be fixed for one (1) year, the term of office of one-third (1/3) of the Directors shall be fixed at two (2) years, and the term of office of the remaining one-third (1/3) of the Directors shall be fixed at three (3) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The

persons acting as Directors shall hold office until their successors have been elected and hold their first meeting.

5.5 VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining term of his predecessor.

5.6 REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created.

5.7 ORGANIZATIONAL MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.8 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or

telegraph, at least three (3) days prior to the date of such meeting.

5.9 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two (2) Directors. The President or Secretary will give three (3) days personal notice to each Director by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

5.10 WAIVER OF NOTICE. Before or at any meeting of the Board of Directors any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Additionally, any Director may consent to a meeting by executing the Minutes containing a consent in lieu of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place hereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.11 BOARD OF DIRECTORS QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have

been transacted at the meeting, as originally called, may be transacted without additional notice.

5.12 FIDELITY BONDS. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association. Such policies shall protect against dishonest acts on the part of officers, directors, trustees and employees of the Association who handle or are responsible for handling funds of the Association.

ARTICLE VI

OFFICERS

6.1 DESIGNATION. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors.

6.2 ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

6.3 REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

6.4 PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of both the Association and the Board of Directors. He shall have

all the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the CROSSINGS HOMEOWNER'S ASSOCIATION, INC.

6.5 VICE PRESIDENT. The Vice President shall perform all of the duties of the President in his absence and such other duties as may be required of him from time to time by the Board of Directors.

6.6 SECRETARY.

A. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of the Secretary.

B. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall show opposite each Member's name, the number of Members living in the Lot and the parking spaces assigned for use in connection with such Lot. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.7 TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to: sign all checks and promissory notes of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors.

ARTICLE VII

MANAGEMENT CONTRACT

7.1 MANAGEMENT COMPANY. The Board of Directors shall enter into a management agreement with a management company at a rate of compensation agreed upon by the Board of Directors. In accordance with the Declaration and these Bylaws, the management company shall have, but shall not be limited to, the following functions, duties and responsibilities:

A. Fiscal Management.

(1) Prepare annual operating budget detailed to reflect expected operation for each month. This budget is established to show expected recurring receipts and operating

disbursements. It is further used for comparison with actual monthly income and expenditures.

(2) Prepare five-year reserve budget projection for capital expenditures on items recurring only periodically, i.e., painting, etc., for Common Elements.

(3) Prepare monthly operating and cash position statements and statements concerning sinking-fund reserve accounts.

(4) Analyze and compare operating receipts and disbursements against the Board-approved budget. Where a significant variation is shown (10% above or below the budgeted amount), prepare explanations of variations from budgeted figures.

(5) Collect maintenance fees and special assessments; deposit them in checking, savings or other income producing accounts on behalf of the Board and maintain comprehensive records thereof. Establish individual checking and reserve accounts, as directed by the Board.

(6) Mail notices of delinquency to any Owner in arrears, and exert reasonable effort to collect delinquent accounts.

(7) Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement.

(8) Prepare year-end statement of operations for Owners.

B. Physical Management.

(1) Assume full responsibility for maintenance and control of Common Area improvements and equipment.

(2) Maintain the Property in constant repair to reflect Owner pride and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors.

(3) Enter into contracts and supervise services for lawn care, refuse hauling, pump maintenance, etc., as approved operating budgets.

(4) Select, train and supervise competent personnel, as directed by the Board.

(5) Compile, assemble and analyze data; and prepare specifications and call for bids for major improvement projects. Analyze and compare bids, issue contracts and coordinate the work; maintain close and constant inspection to insure that work is performed according to specifications.

(6) Perform any other projects with diligence and economy in the Board's best interests.

C. Administrative Management.

(1) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to Vendors.

(2) Obtain and analyze bids for insurance coverage specified in Bylaws, recommend modifications or additional coverage. Prepare claims when required and follow up on

payment; act as Board's representative in negotiating settlement.

(3) Exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Resident-Owner relationships.

(4) Act as liaison for the Association in any negotiations or disputes with local, federal or state taxing agencies or regulatory bodies.

(5) Assist in resolving individual Owner's problems as they pertain to the Association, Common Elements and governing rules and regulations.

(6) Represent an absentee Owner when requested.

(7) Administer the Project in such a way as to promote a pleasant and harmonious relationship.

ARTICLE VIII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

8.1 INDEMNIFICATION. The Association shall indemnify every Director or officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty

of gross negligence or willful misconduct in the performance of his duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article VIII shall be deemed to obligate the Association to indemnify any Member or Owner of a Lot, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration for Crossing Townhomes as a Member or Owner of a Lot covered thereby.

ARTICLE IX

OBLIGATIONS OF THE OWNERS

9.1 ASSESSMENTS. All Owners shall be obligated to pay the monthly assessments imposed by the Association as defined in the Declaration. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, only if he is current in the assessments made or levied against him.

9.2 GENERAL.

A. Each Owner shall comply strictly with the provisions of the Declaration for Crossings Townhomes.

B. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Project was built.

9.3 USE OF COMMON AREAS. Each Owner may use the Common Elements in accordance with the purposes for which they were intended.

ARTICLE X

AMENDMENTS TO PLAN OF OWNERSHIP

10.1 BYLAWS.

A. After relinquishment of Declarant control of the Association, as set forth in Article IV, these Bylaws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by Owners representing at least $66 \frac{2}{3}$ of the aggregate interest of the undivided ownership of the Common Elements. In no event shall the Bylaws be amended to conflict with the Declaration. In the event of a conflict between the two (2) documents, the Declaration shall control.

B. Until relinquishment of Declarant control of the Association, these Bylaws may be unilaterally amended by the Declarant to correct any clerical or typographical error or omission, or to change any provision to meet the requirements of Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration or Federal Housing Administration.

ARTICLE XI

MORTGAGES

11.1 NOTICE TO ASSOCIATION. An Owner who mortgages his Lot shall notify the Association through the President of the Association giving the name and address of his Mortgagee.

11.2 NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a Mortgagee of a Lot, report any unpaid assessments due from the Owner of such Lot.

ARTICLE XII

COMPLIANCE

12.1 LEGAL REQUIREMENTS. These Bylaws are set forth to comply with the requirements of the laws of the State of Texas. If any of these Bylaws conflict with the provisions of such statutes, it is hereby agreed and accepted that the provisions of such statutes will apply.

ARTICLE XIII

NON-PROFIT ASSOCIATION

13.1 NON-PROFIT PURPOSE. This Association is not organized for profit. No Lot Owner, Member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Member of the Board of Directors; provided, however,

always (a) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association, and (b) that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XIV

PRINCIPAL OFFICE

14.1 ADDRESS. The principal office of the Association shall be located at P.O. Box 6406, Abilene, Texas 79608, but may be located at such other suitable and convenient place as shall be permitted by law and designated by the Directors.

ARTICLE XV

EXECUTION OF INSTRUMENTS

15.1 AUTHORIZED AGENTS. The person who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and Secretary of the Association.

ARTICLE XVI

CORPORATE SEAL

16.1 CORPORATE SEAL. The Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association.

ARTICLE XVII

DEFINITIONS OF TERMS

17.1 DEFINITIONS OF TERMS. The terms used in these Bylaws, to the extent they are defined in said Declaration," shall have the same definition as set forth in the Declaration for Crossings Townhomes, and the same may be amended from time to time, and recorded in the office of the County Clerk of Taylor County, Texas.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Bylaws of Crossings Homeowner's Association, Inc., a Texas non-profit corporation, as adopted by the initial Board of Directors at its organizational meeting on the 20th day of October, 1995.

Secretary